

**AMENDMENT NO. 1
TO
SHORT-TERM LEASE AGREEMENT**

THIS AMENDMENT NO. 1 TO SHORT-TERM LEASE AGREEMENT (this “**Amendment**”) is entered into effective as of August 1, 2017 (the “**Effective Date**”), by and between The State of Oregon, acting by and through its Department of Administrative Services, and the Housing Authority of the City of Salem, Oregon, respectively Landlord and Tenant under that certain Lease Agreement dated February 13, 2017 (the “**Lease Agreement**”).

Any capitalized term used in this Amendment shall have the same meaning as in the Lease Agreement.

RECITALS

- A. The Lease Agreement concerns the Parties’ agreement for Landlord’s lease to Tenant of certain Premises located in Marion County, Oregon.
- B. The expiration date of the Lease Agreement is July 31, 2017.
- C. Landlord and Tenant, as Seller and Buyer, respectively, are also the parties to the Purchase Agreement. The Purchase Agreement concerns the Parties’ agreement for Landlord’s sale and Tenant’s purchase of the Premises (referred to in the Purchase Agreement as the “Property”) from Landlord.
- D. The Parties entered into the Lease Agreement in anticipation of Tenant’s purchase of the Premises under the Purchase Agreement. The Lease Agreement allowed Tenant to perform certain demolition and planning work on the Premises.
- E. While the City of Salem (the “**City**”) has approved the Subdivision Application for the Premises, the City’s approval of the final subdivision plat for the Premises (the “**Final Subdivision Plat**”) is pending, based on the design of and Landlord’s agreements regarding certain street improvements on the Premises.
- F. When the Parties executed the Purchase Agreement, they did not anticipate the City’s street improvement requirements. Thus, Closing of the purchase and sale of the Premises is taking longer than the Parties had planned.
- G. Tenant desires to acquire the Premises for the purpose of developing affordable housing thereon. To facilitate such development, Tenant intends to apply for participation in certain state and federal housing programs, including the U.S. Department of Housing and Urban Development’s Project-Based Section 8 Voucher Program (such programs being the “**Housing Programs**”). A requirement of some Housing Programs is that Tenant, as a Housing Program participant, possess control over the Premises, including the right to sublease portions of the Premises to Housing Program beneficiaries.

H. So that, pending Closing, Tenant may perform certain planning and analysis work on the Premises relating to Housing Program deadlines and requirements (the “**Planning Work**”), the Parties are entering into this Amendment.

I. Pursuant to that certain Amendment No. 1 to the Purchase Agreement of the same Effective Date as this Amendment (the “**Purchase Agreement Amendment**”), Tenant has paid to Landlord a “**Property Use Fee**” of \$100,000 (One Hundred Thousand Dollars), as consideration for Landlord’s agreement to allow Tenant to continue to use the Premises, for the Planning Work.

J. Pursuant to the Purchase Agreement Amendment, Closing of the sale and purchase of the Premises will take place within thirty (30) days after the City’s approval of the Final Subdivision Plat.

K. Landlord and Tenant are also the parties to that certain Permit of Entry (Temporary Parking – Non-Exclusive) dated February 13, 2017 (the “**Parking Permit**”). The Parking Permit allowed Tenant a limited right to use certain areas of the Master Parcel for parking that related to Tenant’s demolition and planning work under the Lease Agreement.

L. Pursuant to that certain Amendment No. 1 to the Parking Permit of the same Effective Date as this Amendment (the “**Amended Parking Permit**”), Landlord is allowing Tenant to continue to use those same areas of the Master Parcel, for parking that relates to Tenant’s Planning Work pursuant to this Amendment.

M. The Purchase Agreement Amendment memorializes that the property that Tenant will purchase under the Purchase Amendment is reduced by .594 acres, from approximately 2.374 to approximately 1.78 acres. Thus, the Premises under the Lease will be reduced accordingly.

AGREEMENTS

In consideration of the terms and conditions set forth in this Amendment, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, the Parties agree to amend the Purchase Agreement as follows:

1. The Premises. The Parties understand, acknowledge and agree that the Premises are 1.78 acres, as shown on the attached revised Exhibit A. The revised Exhibit A hereby replaces the original Exhibit A attached to the Lease Agreement.

2. Term of Lease Agreement. The Term of the Lease Agreement is hereby extended through the earlier of the following: (a) the Closing of the purchase and sale of the Premises pursuant to the Purchase Agreement, as amended; or (b) the earlier termination of the Purchase Agreement.

3. Use of the Premises. Section 4 of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

Tenant may use the Premises for the Planning Work, and other uses related to its intended use of the Premises after Closing; provided, however, that Tenant may not perform any additional Demolition and Renovation Work. Tenant shall use the Premises in compliance with any and all applicable federal, state and local laws and ordinances.

The Planning Work may include the right to sublease a portion of the Property to Housing Program beneficiaries. Notwithstanding the foregoing, no such subleasing will occur unless and until: (a) the Premises are renovated to meet all applicable federal, state and local laws and ordinances, including those concerning habitability; and (b) Tenant's application for participation in the applicable Housing Program has been approved. Tenant's sublease of any portion of the Property pursuant to this Section 4 shall not be deemed an assignment or sublease needing Landlord's consent under Section 12 of this Agreement.

4. Termination and Surrender. Section 3(c) of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

(c) In the event Closing does not occur under the Purchase Agreement, then Tenant shall promptly deliver to Landlord copies of any and all documents relating to the Planning Work it performed on the Premises; and shall surrender the Premises free and clear of all personal property and furnishings belonging to Tenant and any other parties. Tenant's obligation to observe or perform this covenant shall survive the termination of the Lease Agreement.

5. Parking. Pursuant to the Amended Parking Permit, Tenant and its employees, agents and contractors may continue to park vehicles in the Temporary Parking Area, for purposes that relate to the Planning Work.

6. Remaining Provisions. Except as amended hereunder, the provisions of the Lease Agreement remain in full force and effect.

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Each person signing this Amendment on behalf of a Party represents and warrants that he or she is duly authorized by such Party and has legal capacity to do so.

LANDLORD:

The State of Oregon, by and through its Department of Administrative Services

By: _____ Date: _____

Name: Shannon Ryan

Its: Enterprise Asset Management Division Administrator

Address: 1225 Ferry Street SE
City, State, ZIP: Salem, OR 97301
ATTN: Darrin Brightman
Phone Number: 503-373-7065
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Fax Number: 503-373-7210

TENANT:

The Housing Authority of Salem, Oregon

By: _____ Date: _____

Name: Steven D. Powers

Its: Executive Director

Address: 360 Church St. SE
City, State, ZIP: Salem, OR 97301
ATTN: Andrew Wilch
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